

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 ACDA-19 IO-14 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01

SP-03 SS-20 USIA-15 NEA-10 TRSE-00 SAJ-01 SAM-01 EB-11

OMB-01 STR-08 AEC-11 EA-11 DRC-01 SCI-06 COME-00 /194 W
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R 111754Z APR 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 1763

INFO AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

USMISSION BERLIN

C O N F I D E N T I A L SECTION 01 OF 03 BONN 05948

E.O. 11652: GDS

TAGS: PFOR, HU, GW

SUBJECT: FRG FONMIN'S VISIT TO BUDAPEST

REF: BUDAPEST 869

1. SUMMARY. FRG FONOFF'S HUNGARIAN DESK OFFICER BRIEFED US ON FONMIN SCHEEL'S APRIL 7-9 VISIT TO BUDAPEST. ACCORDING TO OUR SOURCE, SCHEEL'S MEETINGS WITH THE SENIOR HUNGARIAN LEADERSHIP FOCUSED HEAVILY ON INTERNATIONAL AFFAIRS, ESPECIALLY CSCE AND MBFR. BILATERAL AND ECONOMIC/COMMERCIAL ASPECTS OF VISIT WERE ALSO IMPORTANT. GERMANS CAME AWAY WITH FEELING THAT VISIT HAD BEEN USEFUL AND MARKED A SUCCESSFUL FORMAL END TO THE FRG'S POLICY OF NORMALIZATION WITH THE EE'S. HOWEVER, GERMANS ALSO FELT THAT HUNGARIAN LEADERSHIP, FOR REASONS HAVING TO DO WITH THE WARY WAY MOSCOW REGARDS BUDAPEST, WAS SOMEWHAT MORE COOL IN ITS RE-
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CEPTION OF SCHEEL AND THE FRG DELEGATION THAN HAD BEEN

THE CASE WHEN SCHEEL RECENTLY VISITED SOFIA (BONN 5157).
END SUMMARY.

2. INTERNATIONAL. IN DISCUSSIONS OF EAST-WEST RELATIONS, WHICH OCCUPIED THE MAJOR PART OF THE HUNGARIAN LEADERSHIP'S TALKS WITH SCHEEL, THE HUNGARIANS TOOK A HARD LINE AGAINST THE WEST EUROPEAN INTEGRATION PROCESS. THEY EXPRESSED PARTICULAR OPPOSITION TO THE DEVELOPMENT OF A WEST EUROPEAN DEFENSE FORCE, COMMENTING THAT THEY SAW NO REASON FOR THIS DEVELOPMENT WHICH COULD ONLY HARM EAST-WEST CONFIDENCE. THEY ARGUED THAT THE WEST EUROPEAN INTEGRATION EFFORT WOULD ALSO, IF CARRIED TO ITS LOGICAL CONCLUSION, BLOCK ANY FUTURE ALL-EUROPEAN COOPERATION. SCHEEL REPORTEDLY DEFENDED STRENUOUSLY THE EC'S GOALS AND MOTIVES, AND ADDED THAT EC INTEGRATION WOULD POSE NO HINDRANCE, FOR EXAMPLE, TO EC-CEMA COOPERATION.

3. ON MBFR, THE HUNGARIANS ASSERTED THAT THE WESTERN GOAL OF A COMMON CEILING WAS NOT ACCEPTABLE NOR WAS THE WESTERN PROPOSAL FOR INITIAL REDUCTIONS OF US AND SOVIET FORCES ONLY. THE HUNGARIANS REPORTEDLY STATED FRANKLY THAT THEIR CONCERN WAS THAT IF ONLY THE TWO SUPERPOWERS REDUCED THEIR TROOPS IN CENTRAL EUROPE, THEN THE LARGEST MILITARY FORCE REMAINING WOULD BE THE BUNDESWEHR. THIS WAS SIMPLY NOT AN ACCEPTABLE PROPOSITION FOR THE HUNGARIANS, WHO WANTED ALL FORCES, FOREIGN AND INDIGENOUS, INCLUDED IN FIRST PHASE REDUCTIONS. THEY ALSO WANTED ALL FORMS OF WEAPONS SYSTEMS INCLUDED IN THE REDUCTIONS, SPECIFICALLY NUCLEAR WEAPONS. THE HUNGARIANS TOOK THE OLD POSITION THAT THEY WOULD PARTICIPATE IN THE REDUCTIONS ONLY IF ITALY WERE INCLUDED ON THE WESTERN SIDE. FONMIN PUJA MADE CLEAR THAT THIS POSITION ON PARTICIPATION IN REDUCTIONS WAS A BASIC ONE TAKEN BY THE HUNGARIANS AND HAD NOT BEEN FOISTED ON THEM BY THE SOVIETS AS SOME WESTERN NEWSPAPERS HAD ALLEGED.

4. HUNGARIANS COMPLAINED THAT THE EC-NINE POSITION BOTH IN MBFR AND CSCE SEEMED HARDER THAN THAT OF OTHER
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WESTERN PARTICIPANTS, INCLUDING THE US. THE HUNGARIANS FOUND THIS ESPECIALLY TRUE IN VIENNA. SCHEEL REPORTEDLY REJECTED THIS CRITICISM AND SAID THE WEST HAD UNIFIED POSITIONS IN BOTH NEGOTIATIONS. ON CSCE, THE HUNGARIANS MADE THE USUAL NOISES ABOUT PRINCIPLES, BASKET III, ETC. THEY DID PRESS HARD FOR AN FRG COMMITMENT IN THE COMMUNIQUE TO A SUMMIT LEVEL MEETING AT THE END OF THE THIRD STAGE, BUT THE GERMANS REBUFFED

THIS EFFORT.

5. IN DRAFTING THE COMMUNIQUE, THE HUNGARIANS LAID PARTICULAR EMPHASIS ON TRYING TO GET LANGUAGE INCLUDED THAT WOULD CRITICIZE THE THIEU REGIME IN SAIGON. THE HUNGARIANS REPORTEDLY SAID THAT THIEU WAS BECOMING STRONGER DOMESTICALLY AND, AS THIS OCCURRED, HIS REGIME WAS CREATING EVER LARGER PROBLEMS FOR THE

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HUNGARIANS IN THEIR ICC ROLE. THE FRG NATURALLY REFRAINED FROM BEING CAUGHT UP IN THIS WRANGLE. THE HUNGARIANS WANTED MENTION IN THE COMMUNIQUE OF CHILE, WHICH THE FRG REFUSED. THEY ALSO WANTED STIFF LANGUAGE INSERTED ON THE MIDDLE EAST WHICH WOULD HAVE CONDEMNED ISRAEL AND ASKED THE LATTER TO GIVE UP ALL OCCUPIED

TERRITORIES. THIS, TOO, THE FRG TURNED DOWN FLATLY.

6. BILATERAL. BOTH SIDES CONSIDERED THAT THEY HAD NO SIGNIFICANT OUTSTANDING POLITICAL PROBLEMS. THE HUNGARIANS WANTED TO INSTITUTIONALIZE THE DEPUTY FOREIGN MINISTER-LEVEL TALKS WHICH BEGAN IN 1972. THE FRG EXPRESSED READINESS TO DO SO. THERE WERE ALSO DISCUSSIONS OF HIGH-LEVEL EXCHANGES OF VISITS. FRG ECONOMICS MINISTER FRIDERICHS WILL REPORTEDLY VISIT BUDAPEST BY THE END OF THE YEAR, AND A HUNGARIAN DEPUTY
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PREMIER WILL VISIT BONN WITHIN THAT TIME FRAME. THE HUNGARIANS EXTENDED IN INVITATION FOR BRANDT TO VISIT BUT OUR SOURCE SAID THAT WHILE THIS WAS ACCEPTED IN PRINCIPLE, SUCH A VISIT WOULD NOT TAKE PLACE BEFORE 1975.

7. THERE WAS DISCUSSION OF THE NEED FOR AGREEMENTS IN THE CULTURAL, TRADE, ECONOMIC-TECHNICAL AND WATER TRAFFIC FIELDS, AND IT WAS AGREED THAT EXPERTS WOULD MEET TO BEGIN CONSIDERATION OF POSSIBLE NEGOTIATIONS. THE HUNGARIANS RAISED THE MATTER OF LONG-TERM, LOW-INTEREST CREDITS WHICH THEY SAID WOULD FACILITATE AN INCREASE IN TRADE WITH THE FRG. THE GERMANS TOOK A FAIRLY FIRM LINE, STATING THAT THE FRG HAD NO MECHANISM FOR PROVIDING SUCH CREDITS AND, BESIDES, GERMAN PRICES WERE SO LOW THAT EVEN NORMAL MARKET CREDIT RATES MADE FRG GOODS AND SERVICES COMPETITIVE WITH OTHER WESTERN COUNTRIES. THE GERMANS ADDED THAT, IN ANY EVENT, THE PROVISION OF LOW-INTEREST CREDITS WOULD NOT BE IN ACCORD WITH THE FRG'S PRESENT STABILITY PROGRAM

8. THE HUNGARIANS DID RAISE THE ISSUE OF COMPENSATION FOR VICTIMS OF NAZISM. THE GERMAN SIDE REJECTED THIS APPROACH OUTRIGHT, STATING THEIR BY NOW WELL-KNOWN POSITION BASED ON LEGAL AND POLITICAL GROUNDS, AND ADDING THAT HUNGARY WAS ALREADY IN RECEIPT OF A LARGE AMOUNT OF RESTITUTION FROM THE FRG. IT COULD NOT NOW ASK FOR MORE. THE HUNGARIANS REPORTEDLY DID NOT PRESS THE POINT.

9. THE HUNGARIANS RAISED RFE'S "POISONOUS" ACTIVITIES IN WHAT OUR SOURCE SAID SEEMED TO BE A PRO FORMA WAY. THE GERMANS SAID THAT IF THE HUNGARIANS COULD PROVIDE CONCRETE EXAMPLES OF RFE TROUBLE-MAKING, THEN THE FRG WOULD DISCUSS THE MATTER WITH THE US WHICH WAS IN CHARGE OF THE PROGRAMS. THE HUNGARIANS PROVIDED NO DETAILS.

10. BERLIN WAS DISCUSSED BRIEFLY, WITH THE HUNGARIANS
ARGUING THAT THE FRG SHOULD, IN ACCORDANCE WITH THE
QUADRIPARTITE AGREEMENT, AVOID DEMONSTRATIVE
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POLITICAL ACTS IN WEST BERLIN (THEY MENTIONED THE
FEDERAL ENVIRONMENTAL AGENCY SPECIFICALLY). THE FRG
SAID THERE WAS A BALANCE IN THE QA AND THAT ROOM ALSO
HAD TO BE LEFT FOR THE DEVELOPMENT OF TIES BETWEEN
BERLIN AND THE FRG. HERE, TOO, OUR SOURCE THOUGHT THE
HUNGARIANS WERE TAKING A LINE THAT HAD BEEN THRUST UPON

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THEM BY MOSCOW AND/OR EAST BERLIN.

11. ON ECONOMIC/TRADE RELATIONS, THE HUNGARIANS EXPRESSED SATISFACTION WITH THE WAY THINGS HAVE GONE: TRADE HAS QUADRUPLD IN THE LAST TEN YEARS AND THE FRG IS NOW HUNGARY'S PRIMARY WESTERN TRADING PARTNER. THE HUNGARIANS EXPRESSED THE STRONG DESIRE TO EXPAND AND DIVERSIFY THE TRADE, HOWEVER, AND TO INCREASE THE NUMBER OF ECONOMIC COOPERATION PROJECTS, WHICH NOW NUMBER 150.

12. COMMENT. THE FRG FONOFF SOURCE SAID THAT THE OFFICIAL GERMAN ASSESSMENT OF THE VISIT WAS THAT IT WAS SUCCESSFUL, MARKING THE FIRST VISIT TO BUDAPEST BY A POST-WAR FRG FOREIGN MINISTER. IT ALSO MARKED THE END OF THE FORMAL PHASE OF THE FRG'S OSTPOLITIK, NOW THAT

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RELATIONS HAVE BEEN NORMALIZED WITH ALL THE EE STATES (EXCEPT ALBANIA). HOWEVER, THE GERMANS FELT THAT THE HUNGARIAN LEADERSHIP HAD BEEN NOTABLY COOLER IN ITS TREATMENT OF SCHEEL AND HIS DELEGATION THAN THE BULGARIANS, A WEEK OR SO BEFORE. FOR EXAMPLE, THE BULGARIANS AMNESTIED EIGHT FRG PRISONERS ON THE EVE OF SCHEEL'S VISIT: THE HUNGARIANS MANAGED ONLY TWO. AND THE HUNGARIANS ALSO REFUSED VISAS TO FOUR FRG JOURNALISTS WHO WISHED TO TRAVEL WITH SCHEEL'S PARTY.

13. THE FRG EXPLANATION FOR THE HUNGARIAN ATTITUDE IS (AND WE THINK, PROBABLY CORRECTLY) THAT BUDAPEST FEELS IT HAS TO TREAD WARILY IN DEVELOPING ITS RELATIONS WITH THE WEST, ESPECIALLY THE FRG. HENCE, IT FELT COMPELLED TO ACT COOLLY, WHEREAS THE BULGARIANS, WHOSE CREDENTIALS AS TRUSTED ALLIES IN MOSCOW ARE NOT IN QUESTION, COULD AFFORD TO GO ALL OUT TO PLEASE THE FRG.

14. IN THE END, HOWEVER, THE ATMOSPHERICS OF THE VISIT TO BUDAPEST WERE LESS IMPORTANT THAN THE FACTS OF LIFE, WHICH ARE THAT THE FRG'S RELATIONS WITH HUNGARY ARE PROBABLY BETTER THAN WITH ANY OTHER EE STATE. END COMMENT.
HILLENBRAND

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